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N E W S C O N F E R E N C E

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AT THE WHITE HOUSE

WITH RON NESSEN

AT 12:10 P.M. EST

JANUARY 20, 1975

MONDAY

MR. NESSEN: The President came into the office at 7:40 a.m. He had his usual morning staff meetings.

At 11:00 a.m., the President met with Arthur Burns, Roy Ash, Alan Greenspan and Bill Seidman for one of their periodic reviews of the current economic situation.

At 12:45 p.m., the President will meet with Ken Cole and the five members of the Nuclear Regulatory Commission, which was created by the same law which created the Energy Resources Development Agency. The Nuclear Regulatory Commission took effect on January 15th.

Do you have a list of the Commissioners?

Q Yes.

MR. NESSEN: I won't bother going through that.

Q Why was Secretary Simon not present at the meeting? He was listed.

MR. NESSEN: At the 11:00 a.m. meeting?

Q Yes.

MR. NESSEN: I am told he had a conflict in his schedule, which he could not resolve, and had to go to the other appointment.

Q Do you know where he went, Ron?

MR. NESSEN: He sat down with some of your colleagues from Business Week Magazine, which had a deadline problem, and if he did not do it before 11:00 or at 11:00, they were in deadline trouble. So that is where he went.

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Q Is this Mr. Simon?

MR. NESSEN: Secretary Simon.

The Nuclear Regulatory Commission takes over the nuclear licensing and regulatory functions of the AEC. Its principal job will be to license and inspect commercial nuclear power plants. This will be an independent regulatory agency.

The meeting this morning was to give the President a chance to meet with the Commission members and discuss with them some of the issues that they will be dealing with. Since it is an independent agency, from now on, the President will not meet with them. I think you either have, or will have a chance to film and take pictures.

Just to recall what the President said when he signed the Executive Order activating the Nuclear Regulatory Commission, the President said, "This new Commission will devote its full attention to assuring the safety as well as the reliability of this critically important source of energy. The creation of the Nuclear Regulatory Commission should end the concern that some have expressed when one agency, the Atomic Energy Commission, was assigned the responsibility for both the technological development and the regulation of civilian nuclear power."

At 2:00 p.m. this afternoon, the President will meet with the Attorney General of California and Mrs. Younger. Attorney General Younger is a long time personal friend of the President, and this is a personal visit.

Later this afternoon, at 5:00 p.m., the President will meet with Vice President Rockefeller in the Oval Office, and this is simply one of their frequent meetings, nothing special.

At 5:45 p.m., the President will meet for about 15 minutes with John D. Rockefeller III, and the purpose of that is to discuss some of the bicentennial activities in which John Rockefeller is interested.

You have a release on 25 members of the American Revolution Bicentennial Advisory Council being named today. Also, the Administrator of the Bicentennial Administration, John W. Warner, is an ex officio member of the Advisory Council.

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The purpose of the Council is to advise the Administrator of the Bicentennial Administration on all matters relating to the act which established the Administration. These 25 members will serve without compensation.

So that you can plan your day, tomorrow, the President is holding a news conference at 2:00 p.m. in the afternoon, in Room 450 of the EOB. You should go in the Seventeenth Street entrance at 1:15 p.m. and some people from the Press Office will be over there to help you.

Those without White House Press Passes should contact Jack Hushen's office for clearance.

Q Did you say 1:15 p.m., 45 minutes ahead of time?

MR. NESSEN: Yes.

Q Then what do we do?

MR. NESSEN: You can start showing up at 1:15 p.m.

Q Then what do we do?

Q Will you brief tomorrow?

MR. NESSEN: I thought I would not brief tomorrow.

Q Will it be televised?

MR. NESSEN: If any of the television networks have any interest in it, it would be available for television live coverage. If they want to. So, I guess I won't brief tomorrow, right.

Q Ron, any word on format of this one? Will there be anything special?

MR. NESSEN: It will be regular format. You can ask anything you want to, and the follow up procedure will be operating.

Q The question is, will he have an opening statement?

MR. NESSEN: No opening statement and no division into domestic and foreign.

Q Have any of the networks indicated an interest in carrying the press conference tomorrow?

MR. NESSEN: I don't know if they even knew about it until just now.

Q They knew about it a long time ago.

MR. NESSEN: How did they know that?

Q It has been on the wires for a couple of hours.

MR. NESSEN: John, I have not heard one way or the other from any of the networks.

On Wednesday evening, the President will address the Conference Board at the Sheraton Park Hotel. The Conference Board is an independent, non-profit institution for business and economic research. The members, primarily business leaders from across the country -- I think 800 or 900 of them -- will be here. The President will speak at approximately 8:10, and at the moment, we do not have many more details than that.

I would think that on Wednesday we would be able to give you his departure time from here and the pool arrangements and so forth.

Q Will you have an advance on that?

MR. NESSEN: I anticipate we will.

Q Ron, there was a notice on the wire this morning, telling you how to get credentials to cover this. Won't White House Press Passes be sufficient?

MR. NESSEN: I saw that wire memo, too.

Do they need special credentials to get in there?

We will check on that and let you know.

Q Is that a major speech, Ron?

MR. NESSEN: You know we never characterize major or minor. It will be his first, somewhat lengthy, speech on the economy since the State of the Union.

Q Ron, can you give us any additional information on the speaking engagements that the President will be making?

MR. NESSEN: We have nothing so far.

Q What was the question?

MR. NESSEN: Ralph is wondering whether we had any information on the speeches the President would be giving over the next couple months to explain his economic and energy programs, and I said we don't have any dates or places yet.

Q Isn't there one in Miami the first part of February?

MR. NESSEN: Nothing has been firmly scheduled.

Q Could he schedule them all in the South?

MR. NESSEN: It would be a good day to go down there.

Q Ron, have you finished your announcements?

MR. NESSEN: As far as I can see I have.

Q What is he going to do next Sunday afternoon and Sunday night. Is he going to the Press Club Inaugural and then is he going to the Kennedy Center?

MR. NESSEN: I have not seen the schedule for next Sunday yet. I am just not sure, Sarah.

Q Will you check it?

MR. NESSEN: Yes.

Q Ron, why do we need Anna Chenault to tell people about the Bicentennial Commission and advise on that? What can she bring to this?

MR. NESSEN: These are the President's appointments, Sarah, and he had good reasons to name each one of those.

Q He had good reason to name each one of those?

MR. NESSEN: He would not have named them if he did not.

Q That is just what you are assuming. Why don't you check and let us know why Anna Chenault was named? What can she contribute?

MR. NESSEN: I will see if I can get an answer.

Q In his role as Commander-in-Chief, has the President taken any particular interest in the Air Force's decision to discharge Major Harold Hering, the fellow who questioned the fail-safe system on nuclear missiles? Is he familiar with that at all? It is on page two of the Post this morning.

MR. NESSEN: I saw the story in passing, but I did not --

Q What was that?

MR. NESSEN: It was about a story on page two of the Post today about a Major who has been discharged from the Air Force, is that right?

Q For questioning the reliability of the country's fail-safe system on missile launching.

MR. NESSEN: I would think the Pentagon would be the place to check that out, Walt.

Q The reason I asked it here is because (a) he is Commander-in-Chief and (b) it involves the ability to check a President's strike capacity should a President have a mental deviation.

MR. NESSEN: I will look into this. It has not come around here.

Q On Friday you were going to check the question of a decision on the amount of food that the United States will send, whether the United States has indeed, as Secretary Kissinger said, opted for the highest monetary amount, the amount of \$1.5 billion.

You said you were not questioning that figure, but you could not confirm it, either. Have you checked now, and can you tell us?

MR. NESSEN: Yes, I can tell you the President still has the matter of foreign food assistance under consideration. There are still some details of his decision to be assessed, but we do expect to have an announcement soon.

There has been an improved crop situation in the United States, and this will permit a decision toward the higher side among the various figures. I cannot give you a precise figure at this time, however.

The President will make the maximum amount possible available without upsetting domestic grain prices. The process has reached the point where there is consultation going on with Congress now prior to an announcement.

Q Ron, is the President going to go to Pittsburgh on Friday?

MR. NESSEN: He is not.

Q Thursday?

MR. NESSEN: No.

Q So, there won't be an out-of-town trip?

MR. NESSEN: Not this week.

Q The President was saying something about making announcements, proclamations today, during the economic meeting, something about the investment tax credit going back to January 1, being retroactive. When are we going to get these orders?

MR. NESSEN: I would expect that some time this week you would get at least the proclamation imposing the higher import fees on crude oil. But I do not have the exact day for you yet.

Q Ron, have the economic advisers said how the economic outlook would be improved if the President's program were adopted? Would this 8 percent unemployment and 7 percent inflation still be the outlook if the President's program were adopted, or is that the outlook if it is not adopted?

MR. NESSEN: As I understand from Alan Greenspan, that would be the outlook if it is not adopted; that primarily the effect of the President's program would be in shortening the period of this recession and preventing unemployment from going higher and starting it downward.

Q Ron, do you have the timetable yet for sending the legislation to the Hill?

MR. NESSEN I don't have it except the goal at least is to send the major pieces by the end of January.

Q Getting back to the previous question, do you mean to include in that answer that the inflation rate would be 7 percent as well as unemployment? Are you addressing yourself to both, that that is what it would be or they would be if the President's program were not adopted?

MR. NESSEN: That is right.

Q Because my follow-up question is, if the President's program is adopted and there is an inflationary boost of 2 percent and the Administration says 3 percent -- as most people on the Hill say -- then that would get it back up towards double-digit again, would it not?

MR. NESSEN: If the higher prices of petroleum had the 2 percent increase in the cost of living, then you would have an additional 2 percent on the inflation rate during whatever phase-in period there was, let's say a year, but I think there has been some confusion about the difference in a 2 percent increase in the cost of living, which is what this would do, and a 2 percent increase in the inflation rate.

For that one-year period it would increase inflation by 2 percent, but the rate, as you know, is the percentage of increase of the cost of living and it would not have any permanent effect. It is a one-time effect.

So, to answer your question, yes, if his program were put into effect it would have a one-year -- or over some time span -- increase in the cost of living and on the other side of the equation in bringing down the unemployment, the whole goal of the tax rebate and the permanent tax cut is to get industry moving again and put people back to work.

So, it would bring down the unemployment rate.

Q Ron, any projection of how much it would bring it down?

MR. NESSEN: I have not seen those figures, Dick.

Q Senator Jackson's economic analysis of your program puts the impact on the family of four, an \$800 a year increase. Your figures are \$250.

MR. NESSEN: An average, yes.

Q An average. In his analysis, he does break out projected cost increases in gasoline, natural gas and home heating oil. You do not give us any break-out. Do you have any projections; in other words, how did you get that \$250?

MR. NESSEN: We have one, and we will have to get it for you. I have not seen Senator Jackson's breakdown.

Q Ron, do you have a projection on the amount that prices would increase or the amount that people would have to pay more for such items as double-knit cloth and commercial fertilizer and non-fuel petroleum products?

MR. NESSEN: No, but as I told you the other day, the economists here do not think there would be a ripple effect.

Q This is not a ripple effect. This is a direct increase on other petroleum products.

MR. NESSEN: Right. There would be a pass-through of direct costs, and I do not have the breakdown for you on that.

Q Ron, isn't there a little oil in practically everything we buy and won't this just make all-out additional inflation.

MR. NESSEN: The economists here think 2 percent one time to absorb the higher price of petroleum.

Q Does the President expect Simon, as his chief spokesman, and who opposes his program -- and he did oppose it -- to be --

MR. NESSEN: Wait a minute, Helen. I think we ought to stop right there. I sat in on, I would say, 90 percent of the meetings in which the economic and energy programs were put together, and I do not know how the idea has gotten imbedded in the public's mind and in your mind that Secretary Simon waged some kind of all-out war against this program. He did not.

This program was unanimously agreed to by the advisers, and I think Secretary Simon stated very well on television in his own words yesterday that he believes in and expects to go up to the Hill to defend it, so I don't know why you say that he opposes this program. He said he finds these deficits horrifying and the President said he finds them shocking, and indeed they are.

Q You mean he supported the program of massive tax cuts and the higher excises and so forth?

MR. NESSEN: In all the meetings I sat through I never heard anyone seriously challenge the tax cut.

Q Ron, the President has had two separate television addresses nationwide. There has been much coverage of his program. Does he feel he has failed to communicate his program to the people and what is the justification for his planned trips?

MR. NESSEN: Certainly he does not feel he has failed to explain his program. It is a complicated program, and I think by the questions that we get here from people who spend their whole time trying to understand it -- it does take some explanation because it is detailed and it is comprehensive -- and he just feels that, as he said in the library speech, that this requires really a three-part partnership -- himself putting up the program, Congress approving it and the public understanding it and letting their Members of Congress know that they want it put into effect.

So, he is going out to explain his program to the people most affected by it.

Q Ron, there is a new poll out that shows 55 percent of the people would prefer gasoline rationing over something like 30 percent who would prefer higher gasoline prices through this particular system you have in mind.

Coupled with that and Senator Long and Representative Ullman's recently stated views that rationing might be a better way to go, is the President taking a second look at his energy plan?

MR. NESSEN: Certainly not.

Q Will he veto a gas rationing bill?

MR. NESSEN: He thinks Congress ought to pass this program, Gaylord, and you know there is an awareness here of what people are saying about rationing, and the more his plan is looked at and compared with rationing the more firmly he believes his is the right way.

The assessment here is that when you ask people that question, what they have in their minds is that they will be getting their share and that the reduction will have to come out of somebody else's share. There have been studies done in which you asked people how much do you think they will need under a rationing system.

If you add up everything that everybody says they need, it comes out to something like 137 percent of the existing gas consumption or fuel consumption.

It seemed to me that the last time gas rationing was considered at the White House it was during the previous Administration, and at that time they were talking about a weekly allotment of eight or nine gallons, and so it seemed to me that the question, to get a true answer, would be which would you rather have -- eight or nine gallons of gas a week maximum or as much as you want at ten cents or 12 cents a gallon more, and see what the results are.

Also, I think you have to remember the economic impact of rationing. People would not be able to take long vacations, automobile vacations. It would be especially devastating to the travel industry and the hotel and motel industry and also the automobile industry would suffer the effects of it. You can see what a lagging automobile industry does to the economy by what we have now.

Q We have got the lagging auto industry without rationing, though.

MR. NESSEN: You would not want it to lag any more, would you?

Q Ron, does the President expect, when he goes out and makes these trips and speeches, that he is going to be able to change the people's minds on this so that the majority is going to swing toward his program rather than toward rationing as the poll presently says they favor?

MR. NESSEN: As I said, I would like to see what the answer to that question was if you asked people, which would you rather have, a maximum of eight or nine gallons a week or as much as you want at ten or 12 cents a gallon more.

The President is not by any means convinced that the majority of the public is opposed to his program. I think it needs a good deal of explaining because it is an executive program.

Q Where does that eight or nine gallons come from?

MR. NESSEN: I said the last time gas rationing was considered at the White House it was under the previous Administration, and that is what they were talking about.

Q Ron, is the goal of the President's program to cut down gas consumption?

MR. NESSEN: It certainly is.

Q Then wouldn't all these other things happen under his program too -- the tourist industry and the hotel industry?

MR. NESSEN: No, because if you wanted to go on a vacation you would arrange your budget in such a way that you could afford the gas you needed to go on your vacation.

Q Ron, what would prevent you from saving your rationing coupons all year and splurging in the summer to take a long vacation?

MR. NESSEN: Then you might not have enough to get to work or take the kids to school or something.

Q Ron, do you have any figures on the economic dislocation that would occur from gas rationing either by way of business failures or unemployment?

MR. NESSEN: We can get those. We will check them for you.

Q Ron, I am interested in you saying the President had -- all of his economic advisers were unanimous on the whole package. When were they unanimous, at the end when he made his decision? Are you saying they all agreed?

MR. NESSEN: They all agreed to this program.

Q At what point did they all agree?

MR. NESSEN: When the program was put together.

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Q Ron, then are you saying the President's advisers presented him a program that they all agreed to and he just rubber-stamped it?

MR. NESSEN: Quite the opposite, Norm, he made the decisions, and when the economic advisers looked at the final package that he had made his decisions on, they agreed that that was the way to go.

Q That gets to Helen's question -- then they agreed after he made his decisions, is that right?

MR. NESSEN: Well, you can't agree before he makes his decisions, can you? This is his economic program.

Q You are not saying there was no dissension?

MR. NESSEN: I told you out in Vail there was considerable clashing of ideas, but it was not one guy taking a position and arguing it and refusing to back away from it. It was, as I said, out of the clash of ideas that came new ideas and new ways to do things, and the final program is a consensus.

Q Ron, at the meeting last Friday with the Governors, mayors and county officials, Governor Noel of Rhode Island and others expressed dissatisfaction that New England and the Northeast would bear the brunt of harm in this program. What steps and assurances can the President make to them that that section of the country won't have to bear the impact?

MR. NESSEN: Were you here last Friday, or whatever day it was, when we talked about the special concession made to New England in the lower tariff on product imports?

Q Yes.

MR. NESSEN: I think probably nobody wants to go through it again, but come around and I will give it to you right after the briefing.

Q Ron, can we go back to gas rationing for just a second?

MR. NESSEN: Yes.

Q When the President announced the volunteerism, he said he would review the figures the latter part of the year and, if it was necessary, in January, announce some stronger measure. Well, he has done that.

You said if this does not work the President will go to something stronger. Is there any timetable connected to this?

MR. NESSEN: I don't know what the exact day will be when he can determine whether one million barrels a day will be saved by the end of this year, but that is the goal -- that is not a goal, that will be done.

I do not know at what point he will decide whether it is being done by the higher prices of fuel or not, but he will make that decision and, then, if it is not going to meet a million barrels a day, he will limit imports.

Q He will limit imports?

MR. NESSEN: To make up the difference. I have said that before.

If this system reduces imports by 800,000 barrels a day, then he will make up the other 200,000 by setting a limit on imports.

Q Mr. Simon has made no secret of the fact he would consider a 40 billion-plus deficit intolerable. I take it, from what you say, that he did not make that position to the President?

MR. NESSEN: He was asked about that on television yesterday, Peter.

Q He never answered it.

MR. NESSEN: I think he did answer it. They said, "Are you going to quit now if the deficit goes over 40 billion?" He said, "No."

Q That was not my question. My question was, did he make those views known to the President as this program evolved?

MR. NESSEN: He made his views known about high budgets just as forcefully as the President made his views known about high deficits. I don't think anybody in that meeting -- as the President said in the State of the Union -- found a deficit of that size anything but shocking, and the President was just as shocked by it as Secretary Simon was. That is why he urged, in this period when revenues are down because of the recession, and when it is necessary to give a jolt to the economy through a tax cut -- that is why the President called for holding down spending in other areas.

Q Would the President tolerate anyone who dissented publicly from his program, from being a part of the team so-called?

MR. NESSEN: Nobody is. It is a hypothetical question.

Q What I want to know is, has the President passed the word that they should go out and support this program publicly and not dissent from it?

MR. NESSEN: They all helped put it together, Helen. There is no indication anybody dissents from it. I said they all approved unanimously. It is a consensus program.

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Q In answering Peter's question, you said the President was just as shocked by it as Simon. Wasn't Simon considerably more shocked by it -- not more than the President -- but than the other economic advisers, which is what we were talking about?

MR. NESSEN: I did not get any sense that he was any more shocked than the others because I don't think anybody there likes a budget deficit of that size. There was nobody there clapping because it was so high.

Q Ron, in an article in January's Reader's Digest the President's friend, Mr. Laird comes out very strongly for rationing gasoline. He said it is the only thing to do. I wonder if he and the President had any arguments over this.

MR. NESSEN: I don't know, Sarah.

Q Ron, you said the major parts of the President's proposal would be going to the Hill by the end of January.

MR. NESSEN: Right.

Q Can we expect any to go up this week?

MR. NESSEN: I think what you will have this week is the proclamation, which he can do on his own. As I think I told some people on Saturday, this is a program and it will go up as a program. That is one energy program rather than bits and pieces.

Q Jackson and Kennedy are going to introduce a resolution to stop that. Can they do that legally? Is there a process where a Congressional action can stop an Executive --

MR. NESSEN: I don't know what the legal standing of that would be, but it does seem to me what the President has said is, and what I detect from reading and talking to people, is that the people want action and they do not want roadblocks to action.

Q Ron, do the economic briefers have any up-to-the-minute information from the auto industry as to whether their sales are improving?

MR. NESSEN: At this meeting?

Q Yes.

MR. NESSEN: They go through auto sales and capital spending and that kind of thing.

Q Have they improved?

MR. NESSEN: I did not attend that meeting because I was getting ready for this briefing.

Q Suppose Congress does not pass this domestic oil tax, but the President has already put the action on foreign oil? Is that still going to be a 2 percent inflation or will that be less in that case? Is the 2 percent based on the whole thing?

MR. NESSEN: It is very difficult to calculate because the increased tariffs that he will impose are \$3 a barrel on imported oil. He has no authority to raise excises on domestic oil. He does have authority to decontrol. There is such a mixture of things he can and cannot do that it is difficult to -- but if Congress does not pass the excise then he will leave on the higher fees that he has authority to impose.

Q Will he also decontrol domestic?

MR. NESSEN: Yes.

Q He will?

MR. NESSEN: Again, people are asking for action and not inaction. He believes that the windfall profits have got to go hand in hand with the decontrol of oil, and that is why he planned to hold off on decontrol until April 1, to give Congress a chance to pass the windfall profits tax.

Q Mr. Ullman says he expects Ways and Means to clear tax cut legislation by the end of February, and then go to work on the energy proposals. When you talk about the President's program being one page, do you mean that the energy proposals are one page and the economic, the tax cut is another page?

MR. NESSEN: Do you mean the tax cut from the revenues gained by the -- do you mean the one-time only tax cut?

Q Yes.

MR. NESSEN: No, that is a separate one. There are two packages that will go up; one the one-time only anti-recession --

Q You are not saying that the passage of the one-time tax cut is part of the same program?

MR. NESSEN: No, that would be separate and everything else in the energy area will be one.

Q You mentioned Ken Cole was in the meeting this morning. He, of course, has announced his resignation. When do you expect to have a successor for him?

MR. NESSEN: I do not have any timetable, Jim.

Q Do you have any figures on what the impact of a limit on imports would be if the President had to impose a limit to reach the million barrels a day figure? Would there be long lines at gas stations?

MR. NESSEN: He said himself you would have to then impose a certain amount of allocation, and I do not have the details of the allocation system, but they would go together.

Q Ron, has the President given any consideration to changing any of his legislative approaches or anything as a result of the ouster of Hebert and Poage from two important committees?

MR. NESSEN: Not that I am aware of, Sarah.

THE PRESS: Thank you, Ron.

END (AT 12:45 P.M. EST)